

## **2002 HEALTHCARE CONFERENCE**

### **Actuaries and Social Policy: Should the profession seek to influence Social Policy?**

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#### **Summary**

Things have changed immensely since Beveridge set out to battle the five giants of want, ignorance, disease, squalor and idleness. The Beveridge welfare state of the fifties and sixties has changed to a mixed economy of welfare provision, based on partnership governance that stresses obligations as well as rights, for example, “welfare to work”. Pension provision is based on a mix of public, occupational and private schemes. Increasingly, the focus is on “asset based welfare” where consumer support is important.

Should Actuaries be involved in social policy? The question can be divided into two: should individual Actuaries be involved, and should the Profession be involved? Many Actuaries in healthcare and other fields feel that they should be involved because they have expertise in relevant areas. They have something to contribute that will benefit themselves and their clients. This, I think, is enough justification.

Ours is a small Profession with a relatively limited budget compared with the other UK Professions. Is it right to spend some of our subscription fees on contributing to social policy in the UK? In my opinion, the answer is “yes”, assuming that we manage the budget effectively and get results. Public interest is the commitment that distinguishes a Profession from a trade association. Our training equips us with knowledge and a degree of expertise in finance, risk, mortality and morbidity projections, product design and the management of large schemes, among other areas. Clear thinking and informed input does make a difference to social policy decisions.

What can we do to manage the cost and maximise our impact? The volunteers who man our Boards (all of them), committees and other groups do tremendous work, at a very low money cost to the profession. They merely need adequate support from the full-time staff. Also, much of our research budget is backed by money from other organisations, such as EPSRC.

The profession sponsors research, prepares sessional meeting papers, organises conferences, supports multidisciplinary research, organises joint meetings with other Professions and other organisations, and makes regular submissions to consultation documents. It has been doing it for years; long before the formation of the Social Policy Board. While the object has always been the public interest, I am sure that the profession has benefited from increased public awareness and respect.

A catalyst, in a chemical process, is a substance that increases the rate of a chemical reaction without itself suffering any permanent chemical change. I believe we should not under-estimate the role that the Profession can play, with its specific skills and methodologies, as a catalyst for thinking about social change. But that is only half the story. By becoming involved in the debates and decisions on our changing environment we become more able to change ourselves, and the way we operate. This, too, will bring benefit to the profession.

What else can we do? The Profession has recently decided to focus more fully on communications, and I am sure that the new Communications Board will have many new ideas. My initial contribution is that we must consider communication as at the heart of all our work - even pure research. Every sponsorship request to the Social Fund has to have a communications plan. In the same way, the Social Policy Board will be asking for a communications plan for each of the projects it sponsors. We believe that this should give us a clearer idea of the potential impact of the project, and the relative value of the research.

Areas that the Profession (not just the Social Policy Board) is working at the moment include medical advances, ageing population, pension provision, damages, genetics, personal financial advice, the cost of a compensation culture, and consumer education. In the area of healthcare you have, inter alia, research into the interface between the public and private healthcare sectors and a focus on the opportunities for insurance companies to develop provisions in care rather than in cash. There is clearly scope at present for actuaries to serve on the two new commissions for regulating health and care, and to play their part in long-term financial planning in the NHS. Outside healthcare the opportunities are also challenging: Sandler and the retreat of defined benefit pension schemes; or wider: European pensions, mortality from smoking and asbestosis, world poverty and AIDS. What interests you? Would you like to pursue that interest with other like-minded professionals?